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LISTING STATEMENT No. 1972

LISTED AUGUST 12th, 1957
3,498 preference shares of \$100 par value
Ticker abbreviation "DAL PR"
Post section 11

TORONTO STOCK EXCHANGE

LISTING STATEMENT

SEP 19 1957

DALEX CO. LIMITED

Incorporated under the laws of the Province of Ontario by letters patent dated September 10, 1952

3,498 PREFERENCE SHARES WITH A PAR VALUE OF \$100 EACH

CAPITALIZATION AS AT JUNE 21, 1957

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Preference shares with a par value of \$100 each.....	5,400	3,498	3,498
Common shares without par value.....	60,000	36,400	Nil

June 21, 1957.

1. APPLICATION

DALEX CO. LIMITED (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 3,498 preference shares with a par value of \$100 each in the capital of the Company, all of such shares having been issued and being outstanding as fully paid and non-assessable.

2. REFERENCE TO ATTACHED PROSPECTUS

Reference is made to the attached prospectus dated November 9, 1956, which is incorporated herein and made part hereof.

3. THE COMPANY

The Company is engaged in the distribution of machinery, chemicals, outboard motors, supplies and accessories of various kinds. Reference is made to the attached prospectus of the Company dated November 9, 1956, for details of the history of the Company, the nature of its business and number of employees, the dividend record of the Company and other information relating to the Company. The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the said preference shares are fully set forth in paragraph (h) of the statutory information forming part of the said prospectus.

4. OPINION OF COUNSEL

The opinion of Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Barristers, etc., 320 Bay Street, Toronto 1, Ontario, filed in support of this application states that the Company has been duly incorporated and organized and is a valid and subsisting company and that the said 3,498 preference shares of the Company have been issued and are outstanding as fully paid and non-assessable.

5. FUNDED DEBT

The Company has no outstanding funded indebtedness.

6. LISTING ON OTHER STOCK EXCHANGES

No securities of the Company are presently listed on any stock exchange.

7. STATUS UNDER SECURITIES ACTS

Of the 3,498 outstanding preference shares of the Company, listing of which is hereby applied for, 1,500 preference shares were offered to the public in Ontario by an underwriter by the said prospectus which was accepted for filing by the Ontario Securities Commission under The Securities Act (Ontario) on November 9, 1956.

8. FISCAL YEAR

The fiscal year of the Company terminates on December 31 in each year.

9. ANNUAL MEETING

The annual meeting of the shareholders of the Company is held at Toronto or at such other place within Ontario and on such day in each year as directors by resolution determine.

10. HEAD OFFICE

The head office of the Company is situated at 100 Floral Parkway, Township of North York, Ontario.

11. TRANSFER AGENT AND REGISTRAR

The Toronto General Trusts Corporation at its principal office at Toronto is the transfer agent and registrar for the preference shares and the common shares in the capital of the Company.

12. TRANSFER FEE

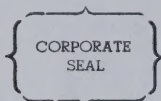
No fee is payable on the issuance of certificates on transfers of preference shares of the Company other than customary government stock transfer taxes.

13. OFFICERS, DIRECTORS AND AUDITORS

The directors, officers and auditors of the Company are as set forth in paragraphs (d) and (e) of the statutory information forming part of the said prospectus.

CERTIFICATE

Pursuant to a resolution duly passed by the board of directors of the Company, the Company hereby applies for listing of the said 3,498 preference shares with a par value of \$100 each in the capital of the Company on the Toronto Stock Exchange, and the undersigned officers of the Company hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



DALEX CO. LIMITED

"D. F. McCONVEY", *President.*

"A. C. THORNLEY", *Secretary-Treasurer.*

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Preference Shares as of May 16th, 1957

Number						Shares
141	Holders of	1 -	100 share lots	.....		1,925
3	" "	101 -	200 " "	.....		365
—	" "	201 -	300 " "	.....		—
1	" "	301 -	400 " "	.....		400
—	" "	401 -	500 " "	.....		—
1	" "	501 -	1000 " "	.....		808
—	" "	1001 -	up " "	.....		—
146 Stockholders						
Total shares						3,498

The shares referred to herein are being offered in Canada but not in the United States of America. This prospectus is not, and under no circumstances is to be construed as, an offering of any of such shares for sale in the United States of America or in the territories or possessions thereof or an offering to any resident of the United States of America or its territories or possessions or a solicitation of any offer from any such resident to buy any of such shares.

NEW ISSUE

\$150,000

(1500 shares)

Dalex Co. Limited

(Incorporated under the laws of the Province of Ontario)

1,500 Preference Shares

(With a par value of \$100 each)

These preference shares with a par value of \$100 each (hereinafter sometimes called "preference shares") are to be fully paid and non-assessable; entitled to fixed cumulative preferential cash dividends (accruing from December 3, 1956) at the rate of 7% per annum, as and when declared by the board of directors, payable on the 1st day of April, 1957 and thereafter quarterly on the first days of January, April, July and October in each year by cheque at par at any branch of the Company's bankers for the time being in Canada (far northern branches as may from time to time be designated by such bankers excepted); entitled on liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs to the amount paid up thereon together with all accrued and unpaid fixed preferential cumulative cash dividends thereon in priority to the common shares or any shares ranking junior to the preference shares; redeemable at the Company's option at any time in whole or from time to time in part on at least 30 days' notice at the amount paid up thereon plus a premium of 5% of the amount paid up thereon together with all accrued and unpaid fixed preferential cumulative cash dividends thereon. The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares are fully set forth in the statutory information forming part of this prospectus.

Transfer Agent and Registrar

The Toronto General Trusts Corporation, Toronto, Canada.

Capitalization

(Upon completion of the proposed financing)

	<u>Authorized</u>	<u>Outstanding</u>
Preference shares with a par value of \$100 each	\$540,000	\$349,800
Common shares without par value	60,000 shs.	36,400 shs.

We, as principals, offer these 1,500 preference shares with a par value of \$100 each of Dalex Co. Limited, subject to prior sale and change in price, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on our behalf and on behalf of the Company by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto.

PRICE: \$100 per share flat carrying a bonus of 4 common shares without par value for each preference share.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that interim and/or definitive share certificates will be available for delivery on or about December 3, 1956.

The following information has been supplied by Mr. D'Arcy F. McConvey, President of Dalex Co. Limited.

The Company

Dalex Co. Limited (hereinafter sometimes referred to as the "Company") was incorporated under the laws of Ontario by letters patent dated September 10, 1952. The Company is engaged in the distribution of machinery, chemicals, supplies and accessories of various kinds.

The Company commenced business in November, 1952 selling equipment to the laundry and dry cleaning trades in Ontario, Quebec and the Maritime Provinces.

Expansion of Sales

In 1954 the Company commenced the distribution of chemicals for the laundry and dry cleaning trades throughout Ontario, Quebec and the Maritime Provinces. The Company continued to add new related lines during 1954.

In September, 1954 office and warehouse premises were leased in Montreal from which the Company thereafter conducted its business for Quebec and the Maritime Provinces.

During 1954 the Company acquired all the outstanding shares of P. L. & D. Machinery Company Limited, a company also engaged in selling equipment to the laundry and dry cleaning trades and which has continued to carry on its business operations as a wholly-owned subsidiary of the Company.

In 1955 the Company was appointed sales agent for Eastern Canada for Whittaker, Clark & Daniels Inc. of New York, N.Y., thus adding to the Company's business a line of chemicals for industrial users.

Combined sales of the Company and, since its acquisition, of its wholly-owned subsidiary have been as follows:

1952 sales for 2 months.....	\$ 56,256
1953 sales for 12 months.....	1,004,912
1954 sales for 12 months.....	1,645,526
1955 sales for 12 months.....	2,326,144
1956 sales for 8 months.....	1,551,843

As a result of the expanding volume of business, the Company has found it necessary to increase the number of its personnel and to enlarge its office and warehouse space. In January, 1953 the Company moved from a temporary location and rented a 5000 square foot building at 1270 Castlefield Avenue, Toronto, from which it thereafter conducted its entire business until the acquisition of the Montreal office and warehouse referred to above. In March, 1954 the Company moved to 100 Floral Parkway, Township of North York, renting a 21,000 square foot building which now houses its head office, principal warehouse and Ontario district sales operations. In September, 1954 an office and warehouse building of 5,000 square feet was rented at 6834 Second Avenue, Montreal, from which the Company conducts its Eastern district operations. The number of employees of the Company has increased from the original eighteen to fifty-five. Fifteen employees operate from the district office in Montreal and the other forty employees operate out of the combined head office and district office in Toronto.

In September, 1956 the Company was appointed an Ontario distributor for Mercury outboard motors and parts manufactured by Kiekhaefer Corporation of Cedarburg, Wisconsin. The Company anticipates that its distributorship of the Mercury outboard motor products will form an important part of its business.

Purpose of Issue

The net proceeds from the sale of the 1,500 preference shares with a par value of \$100 each and the 6,000 common shares without par value presently proposed to be issued will be used by the Company to augment its working capital.

Certain Provisions Attaching to the Preference Shares

No shares may be created ranking as to capital or dividends in priority to or on a parity with the preference shares without the approval of the holders of the preference shares given in a specified manner.

The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares are fully set out in the statutory information forming part of this prospectus.

DALEX CO. LIMITED
and its wholly-owned subsidiary
P. L. & D. Machinery Company Limited

Statement of Combined Earnings
for the Period from Commencement of Business on November 3, 1952 to August 31, 1956

<u>Period</u>	<u>Earnings before depreciation and taxes on income</u>	<u>Depreciation charges</u>	<u>Earnings before taxes on income</u>	<u>Taxes on income</u>	<u>Net earnings</u>
November 3, 1952 to December 31, 1952	\$(8,435)	\$ nil	\$(8,435)	\$(1,602)	\$(6,833)
Years ended—December 31, 1953	24,072	2,723	21,349	4,302	17,047
—December 31, 1954	43,407	3,444	39,963	14,953	25,010
—December 31, 1955	81,762	3,178	78,584	31,348	47,236
Eight months ended August 31, 1956	43,325	1,540	41,785	16,500	25,285

NOTE: The wholly-owned subsidiary company, which was acquired during 1954, also commenced business during November, 1952; the earnings of such subsidiary prior to its acquisition are included in the above statement of combined earnings.

Auditors' Report

To the Directors of
DALEX CO. LIMITED:

We have examined the statement of combined earnings of Dalex Co. Limited and its wholly-owned subsidiary P. L. & D. Machinery Company Limited for the period from commencement of business on November 3, 1952 to August 31, 1956. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the combined earnings of the companies for the period from commencement of business on November 3, 1952 to August 31, 1956.

Toronto, Canada,
October 31, 1956.

(Signed) CLARKSON, GORDON & Co.,
Chartered Accountants.

DALEX CO. LIMITED

and its wholly-owned subsidiary, P. L. & D. Machinery Company Limited

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at August 31, 1956

The pro forma consolidated balance sheet gives effect as at August 31, 1956 to:

1. The issue on September 13, 1956 of 350 preference shares for \$35,000 cash and 1,400 common shares for \$1,400 cash and the payment of a commission of \$1,700, in connection with which \$34,700 was received prior to August 31, 1956.
2. The granting of supplementary letters patent dated October 15, 1956, among other things,
 - (a) altering the provisions and conditions attaching to the 7% non-cumulative redeemable preference shares with a par value of \$100 each so as, among other things, to render such shares cumulative;
 - (b) increasing the authorized capital by the creation of an additional 3,000 7% preference shares with a par value of \$100 each.
3. The issue and sale pursuant to an underwriting agreement dated October 26, 1956, as amended, of 1,500 preference shares for \$150,000 cash and 6,000 common shares for \$9,000 cash and the payment of a commission of \$16,500 and of expenses in connection with the issue estimated at \$10,000.
4. The charge to consolidated earned surplus of the commissions and expenses in connection with the foregoing issues.

	Assets	August 31, 1956	Pro forma August 31, 1956
CURRENT:			
Cash.....		\$ 225	\$132,725
Accounts receivable, less allowance for doubtful accounts.....		\$480,374	\$480,374
Receivable from officers and employees.....		\$ 20,901	\$ 20,901
Inventories at the lower of cost or market:			
Equipment and motors.....		\$198,822	\$198,822
Parts.....		41,760	41,760
Supplies.....		83,470	83,470
		<u>\$324,052</u>	<u>\$324,052</u>
Prepaid expenses.....		\$ 5,312	\$ 5,312
Total current assets.....		<u>\$830,864</u>	<u>\$963,364</u>
FIXED at cost:			
Automotive equipment.....		\$ 3,080	\$ 3,080
Office furniture and equipment.....		11,749	11,749
Plant equipment.....		2,200	2,200
		<u>\$ 17,029</u>	<u>\$ 17,029</u>
Less accumulated depreciation.....		7,713	7,713
		<u>\$ 9,316</u>	<u>\$ 9,316</u>
ORGANIZATION EXPENSES.....		<u>\$ 2,199</u>	<u>\$ 2,199</u>
		<u>\$842,379</u>	<u>\$974,879</u>
CURRENT:	Liabilities		
Bank overdraft (secured).....		\$204,041	\$204,041
Accounts payable and accrued charges.....		352,616	352,616
Income taxes payable.....		10,150	10,150
Total current liabilities.....		<u>\$566,807</u>	<u>\$566,807</u>
SHAREHOLDERS' EQUITY:			
Capital:			
Balance sheet August 31, 1956:			
Authorized— 2,400 7% non-cumulative redeemable preference shares with a par value of \$100 each, redeemable at \$105			
60,000 common shares without par value			
Issued and outstanding—			
1,648 preference shares.....		\$164,800	
29,000 common shares.....		7	
		<u>\$164,807</u>	
Subscriptions for shares received in advance.....		34,700	
		<u>199,507</u>	
Pro forma balance sheet August 31, 1956:			
Authorized— 5,400 7% cumulative redeemable preference shares with a par value of \$100 each, redeemable at \$105			
60,000 common shares without par value			
Issued and outstanding—			
3,498 preference shares.....			\$349,800
36,400 common shares.....			10,407
			<u>\$360,207</u>
Earned surplus.....		\$ 76,065	\$ 47,865
Total shareholders' equity.....		<u>\$275,572</u>	<u>\$408,072</u>
		<u>\$842,379</u>	<u>\$974,879</u>

- NOTES: (1) The companies are contingently liable for guarantees of payments on balances owing to finance companies by customers in the amount of \$866,742.
- (2) Dalex Co. Limited has entered into a long term lease on its North York premises to run to March 31, 1969 at an annual rental of \$18,150.

Approved on Behalf of the Board,
by (Signed) D. F. McCONVEY, Director
(Signed) A. C. THORNLEY, Director

Auditors' Report

To the Directors of
DALEX CO. LIMITED:

We have examined the consolidated balance sheet and the pro forma consolidated balance sheet of Dalex Co. Limited and its wholly-owned subsidiary, P. L. & D. Machinery Company Limited as at August 31, 1956. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet presents fairly the financial position of the companies as at August 31, 1956. In our opinion also the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies at the same date, after giving effect to the changes set out in the heading thereof.

Toronto, Canada,
October 31, 1956.

(Signed) CLARKSON, GORDON & Co.,
Chartered Accountants.

Statutory Information

- (a) The full name of the Company is DALEX CO. LIMITED (hereinafter called the "Company") and the address of the head office of the Company is 100 Floral Parkway, Township of North York, Ontario.
- (b) The Company was incorporated under the laws of the Province of Ontario by letters patent dated September 10, 1952. Supplementary letters patent dated October 5, 1955 and October 15, 1956 have been issued to the Company.
- (c) The general nature of the business actually transacted by the Company is distributing and otherwise dealing in machinery, chemicals, supplies and accessories of various kinds.
- (d) The names in full, present occupations and home addresses in full of the officers and directors of the Company are as follows:

Officers

DA'RCY FRANCIS MCCONVEY.....	<i>President</i>	45 Fairmeadow Avenue, Willowdale, Ontario.
JOHN LAND CLINTON.....	<i>Vice-President</i>	1531 Skyline Drive, Port Credit, Ontario.
ROBERT CHARLES DOLPHIN.....	<i>Vice-President</i>	74 Old Colony Road, Willowdale, Ontario.
HUGH DIARMID HYLANDS.....	<i>Vice-President</i>	1411 Canora Road, Mount Royal, Quebec.
ALVIN CHARLES THORNLEY.....	<i>Secretary-Treasurer</i>	1616 Crestview Avenue, Port Credit, Ontario.

Directors

JOHN LAND CLINTON.....	<i>Executive</i>	1531 Skyline Drive, Port Credit, Ontario.
ROBERT CHARLES DOLPHIN.....	<i>Executive</i>	74 Old Colony Road, Willowdale, Ontario.
ROBERT HARTOG.....	<i>Executive</i>	34 Crescent Road, Toronto, Ontario.
DA'RCY FRANCIS MCCONVEY.....	<i>Executive</i>	45 Fairmeadow Avenue, Willowdale, Ontario.
HARRY L. ROSCOE.....	<i>Executive</i>	7 May Street, Toronto, Ontario.
ROBERT DAVISON TELFER.....	<i>Investment Dealer</i>	151 Highland Crescent, Willowdale, Ontario.
ALVIN CHARLES THORNLEY.....	<i>Executive</i>	1616 Crestview Avenue, Port Credit, Ontario.

- (e) The auditors of the Company are Messrs. Clarkson, Gordon & Co., 15 Wellington Street West, Toronto, Ontario.
- (f) The transfer agent and registrar for the preference shares with a par value of \$100 each and the common shares without par value in the capital of the Company is The Toronto General Trusts Corporation at its principal office in Toronto, Canada.

(g) The authorized capital of the Company consists of 5,400 preference shares with a par value of \$100 each and 60,000 common shares without par value, of which 1,998 of the said preference shares and 30,400 of the said common shares have been issued and are now outstanding as fully paid and non-assessable.

The Company proposes to issue 1,500 preference shares with a par value of \$100 each and 6,000 common shares without par value in the capital of the Company as referred to in paragraph (p) hereof.

(h) The said preference shares with a par value of \$100 each (hereinafter sometimes referred to as "preference shares") and the said common shares without par value (hereinafter sometimes referred to as "common shares") have attached thereto the following preferences, rights, conditions, restrictions, limitations or prohibitions:

(1) The holders of the preference shares, in priority to the common shares and any shares of the Company ranking junior to the preference shares, shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of seven per cent (7%) per annum payable quarterly on the first days of January, April, July and October in each year; such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches as may from time to time be designated by such bankers excepted) shall be issued in respect of such dividends and payment thereof shall satisfy such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all the preference shares then issued and outstanding such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the preference shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;

(2) In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the preference shares shall be entitled to receive from the assets and property of the Company a sum equivalent to the amount paid up on such shares together with all unpaid preferential cumulative cash dividends thereon (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution) before any amount shall be paid or any property or assets of the Company distributed to the holders of common shares or shares of any other class ranking junior to the pref-

erence shares; after payment to the holders of the preference shares of the amounts so payable to them as above provided they shall not be entitled to share any further in the distribution of the property or assets of the Company;

(3) Subject to the provisions of clause (6) hereof, the Company may at any time or times purchase (if obtainable) for cancellation the whole or any part of the preference shares outstanding from time to time in the market (including purchase through or from an investment dealer or a firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the preference shares outstanding at the lowest price at which in the opinion of the directors such shares are obtainable but not exceeding the amount paid up thereon and costs of purchase plus a premium per share of five per cent (5%) of the amount paid up thereon together with all unpaid fixed preferential cumulative cash dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of purchase); if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of preference shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the preference shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of preference shares so tendered by each of the holders of preference shares who submitted tenders at the said same lowest price;

(4) Subject to the provisions of clause (6) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding preference shares on payment for each share to be redeemed of the amount paid up thereon plus a premium per share of five per cent (5%) of the amount paid up thereon together with all unpaid fixed preferential cumulative cash dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption);

(5) In any case of redemption of preference shares under the provisions of clause (4) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of preference shares to be redeemed a notice in writing of the intention of the Company to redeem such preference shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom such notice is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the preference shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the preference shares called for redemption; such preference shares shall thereupon be redeemed; if a part only of the shares represented by any certificate be redeemed a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified in any such notice the preference shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any preference shares as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such preference shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the preference shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date as the case may be shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively;

(6) No dividends shall at any time be declared or paid on or set apart for the common shares or any of them or any other shares of the Company ranking junior to the preference shares nor shall the Company call for redemption and/or purchase any preference shares less than the total amount then outstanding unless all accrued dividends on the preference shares then issued and outstanding shall have been declared and paid or provided for to and including the last quarterly dividend payable on the preference shares immediately prior to the date of such declaration or payment or setting apart or call for redemption or purchase;

(7) The holders of the preference shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or to attend or vote at any meeting of shareholders of the Company unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the preference shares on the dates on which the same should be paid according to the terms hereof whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter so long as any dividends on the preference shares remain in arrears the holders of preference shares shall be entitled to notice of and to attend all meetings of shareholders and to one (1) vote in respect of each preference share held and shall be entitled voting separately and as a class to elect two (2) directors of the Company; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors; the holders of preference shares shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof;

Notwithstanding anything contained in the by-laws of the Company the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue

to the holders of preference shares as herein provided or who may be appointed as directors if such right shall have accrued and before a meeting of shareholders shall have been held shall terminate upon the election of new directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and such general meeting shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding preference shares and in default of the calling of such general meeting by the secretary within five (5) days after the making of such request it may be called by any holder of record of preference shares;

Any vacancy occurring among the directors of the Company elected to represent the holders of preference shares in accordance with the foregoing provisions may be filled by the board with the consent and approval of the remaining director elected to represent the holders of preference shares but if there be no such remaining director the board may elect sufficient holders of preference shares to fill the vacancies; whether or not such vacancies are so filled by the board the holders of record of at least one-fifth (1/5) of the outstanding preference shares shall have the right to require the secretary of the Company to call a meeting of the holders of preference shares for the purpose of filling the vacancies or replacing all or any of the persons filling such vacancies who have been appointed by the directors when there is no director in office who has been elected to represent the holders of preference shares and the provisions of the last preceding sub-paragraph shall apply in respect of the calling of such meeting;

Notwithstanding anything contained in the by-laws of the Company, upon any termination of the rights of the holders of the preference shares to elect directors as herein provided, the term of office of the directors elected to represent the holders of preference shares shall forthwith terminate;

(8) The common shares without par value shall be subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares and shall entitle the holders thereof to one (1) vote in respect of each common share held at all meetings of the shareholders of the Company;

(9) No shares may be created ranking as to capital or dividends in priority to or on a parity with the preference shares without the approval of the holders of the preference shares given as hereinafter specified, in addition to any vote or authorization required by The Corporations Act, 1953;

(10) The provisions contained in clauses numbered (1) to (12) both inclusive hereof may be deleted, varied, modified, amended or amplified by Supplementary Letters Patent but only with the approval of the holders of the preference shares given as hereinafter specified in addition to any vote or authorization required by The Corporations Act, 1953;

(11) The approval of the holders of the preference shares required hereunder, as distinct from any vote or authorization required by The Corporations Act, 1953, may be given in writing by the holders of at least two-thirds (2/3) of the outstanding preference shares or by resolution passed or confirmed at a meeting of the holders of preference shares duly called for that purpose and held upon at least ten (10) days' notice at which the holders of at least a majority of the outstanding preference shares are present or represented by proxy and carried by the affirmative votes of the holders of at least two-thirds (2/3) of the preference shares represented and voted at such meeting cast on a poll; if at any such meeting the holders of a majority of the outstanding preference shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date not being less than fifteen (15) days later and to such time and place as may be appointed by the chairman and at least seven (7) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of preference shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed or confirmed thereat by the affirmative votes of the holders of at least two-thirds (2/3) of the preference shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of the preference shares referred to above; the formalities to be observed with respect to the giving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting every holder of preference shares shall be entitled to one (1) vote in respect of each preference share held; and

(12) The authorization of the holders of the preference shares required under The Corporations Act, 1953 as to the deletion or variation of any preference, right, condition, restriction, limitation or prohibition attaching to the preference shares or as to the creation of preference shares ranking in priority to or on a parity with the preference shares may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the preference shares duly called for that purpose.

(i) The Company does not have any bonds, debentures or other securities outstanding or proposed to be issued which if issued will rank ahead of or *pari passu* with the securities hereby offered.

(j) No substantial indebtedness is presently proposed to be created or assumed by the Company which is not shown or referred to in the *pro forma* consolidated balance sheet of the Company and its wholly-owned subsidiary P. L. & D. Machinery Company Limited as at August 31, 1956 forming part of this prospectus.

(k) No securities of the Company are covered by options outstanding or proposed to be given by the Company.

(l) The number of securities offered by this prospectus and their correct descriptive title and the issue price to the public and the terms thereof are as stated on the face of this prospectus, to which reference is hereby expressly made. Reference is also made to the underwriting agreement referred to in paragraph (p) hereof.

(m) The estimated net proceeds to be derived from the sale of the 1,500 preference shares and the 6,000 common shares proposed to be issued by the Company on the basis of the same being fully taken up and paid for are \$142,500, less legal, audit and other expenses in connection with the issues estimated at \$10,000.

(n) The net proceeds of the sale by the Company of the said 1,500 preference shares and the said 6,000 common shares will be used to augment the Company's working capital.

(o) No minimum amount in the opinion of the directors must be raised by the issue of the said 1,500 preference shares and the said 6,000 common shares to provide the sums required or the balance of the sums required to pay the purchase price of any property, to meet preliminary expenses or commissions in respect of subscriptions for shares payable by the Company, to repay moneys borrowed by the Company in respect of the foregoing matters or to repay bank loans except the sum of \$16,500 payable by the Company as a commission as referred to in paragraph (p) hereof.

(p) By an agreement dated October 26, 1956 as amended by letter agreements dated November 2, 1956, November 6, 1956 and November 8, 1956 (herein sometimes collectively referred to as the "underwriting agreement") the Company has agreed to sell and Deacon Findley Coyne Limited has agreed to purchase on its own behalf the said 1,500 preference shares and the said 6,000 common shares, subject to the fulfilment of certain terms and conditions, at the price of \$100 per share flat in respect of the preference shares and \$1.50 per share in respect of the common shares, in each case payable in cash against delivery of the said shares. By the underwriting agreement the Company has agreed to pay Deacon Findley Coyne Limited a commission of \$11 per share in consideration of Deacon Findley Coyne Limited subscribing for the said 1,500 preference shares. The underwriting agreement provides that the said 6,000 common shares are to be given by Deacon Findley Coyne Limited as a bonus to purchasers in connection with the offering to the public of the said 1,500 preference shares on the basis of four common shares for each one preference share.

(q) The by-laws of the Company contain the following provisions with respect to the remuneration of directors:

"The remuneration to be paid to the directors shall be such as the board shall from time to time determine, and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the board of directors. The directors may also, by resolution, award special remuneration to any director or officer of the Company undertaking any special services on the Company's behalf, other than the routine work ordinarily required of a director or officer of the Company, and the confirmation of any such resolution or resolutions by the shareholders shall not be required."

(r) The aggregate remuneration paid by the Company during its last financial year to directors of the Company as such was nil and no officer of the Company received or was entitled to receive remuneration during the last financial year of the Company in excess of \$10,000. No amount is estimated to be paid or payable by the Company during the current financial year to directors of the Company as such or to officers of the Company who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum.

(s) No amount has been paid within the two years preceding the date hereof or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company except the commission referred to in paragraph (p) hereof and except a commission aggregating \$1,700 paid by the Company on the allotment and issuance by the Company at par on September 13, 1956 of 350 preference shares of the Company.

(t) The Company has been carrying on business for more than three years.

(u) No securities have been issued or agreed to be issued by the Company as fully or partly paid up otherwise than in cash within the two years preceding the date hereof except 147 preference shares of the Company issued at par on December 1, 1954 as fully paid and non-assessable in consideration of the acquisition by the Company of an undivided part of all the issued and outstanding shares in the capital stock of P.L. & D. Machinery Company Limited.

(v) No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the said 1,500 preference shares and the said 6,000 common shares proposed to be issued by the Company except as referred to in paragraphs (m) and (p) hereof. No services have been paid within the two years preceding the date hereof or are now proposed to be paid for by securities of the Company.

(w) No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter of the Company.

(x) The Company has not entered into any material contracts within the two years preceding the date hereof, other than contracts entered into in the ordinary course of business, except the underwriting agreement dated October 26, 1956 and the amending letter agreements dated November 2, 1956, November 6, 1956 and November 8, 1956 referred to in paragraph (p) hereof. Copies of such agreements may be inspected at the offices of the Company, 100 Floral Parkway, Township of North York, Ontario, during ordinary business hours during the period of primary distribution to the public of the securities offered hereby.

(y) No director of the Company had any interest in any property acquired by the Company within the two years preceding the date hereof or has any interest in property presently proposed to be acquired by the Company.

(z) The signatories hereto have no knowledge of any person or persons who, by reason of beneficial ownership of securities of the Company or by reason of any agreement in writing, are in a position to or are entitled to elect or cause to be elected a majority of the directors of the Company.

(za) No securities of the Company of the same class as those now offered are held in escrow.

(zb) Since the incorporation of the Company, dividends have been paid on the shares of the Company from time to time outstanding as follows:

	<u>Preference</u>	<u>Common</u>
Year ended December 31, 1952.....	Nil	Nil
Year ended December 31, 1953.....	Nil	Nil
Year ended December 31, 1954.....	\$7.00	Nil
Year ended December 31, 1955.....	\$9.00	Nil
Current year to date.....	\$5.00	Nil

A dividend of \$4 per share on the outstanding preference shares of the Company has been declared

payable on or after December 1, 1956 to shareholders of record at the close of business on November 15, 1956.

Dated this 9th day of November, 1956.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

Directors

(Signed) J. L. CLINTON

(Signed) D. F. McCONVEY

(Signed) R. C. DOLPHIN

(Signed) HARRY L. ROSCOE
by D. F. McCONVEY, Agent

(Signed) ROBERT HARTOG
by D. F. McCONVEY, Agent

(Signed) R. D. TELFER

(Signed) A. C. THORNLEY

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

DEACON FINDLEY COYNE LIMITED
by (Signed) R. D. TELFER

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Deacon Findley Coyne Limited: F. Coulter Deacon, John S. Deacon, J. Reg. Findley, Donald M. Deacon, Benson L. Coyne, Robert D. Telfer and John W. Hetherington.

